

STATEMENT OF PURPOSE

RS23701C1

The purpose of this legislation is to amend Idaho Code 63-3022 and allow individuals to deduct the amount paid for specified, non-reimbursed health care expenses, allowable under section 213 of the Internal Revenue Code (IRC), as an adjustment to taxable income. In the computation of Idaho taxable income, an individual would be able to itemize and thereby exclude from their net income, any amount paid for prescription drugs or products, doctor visits, hospital stays, co-pays, deductibles, physical therapy services, chiropractic services or any other health profession licensed pursuant to title 54 Idaho Code. Payment for over-the-counter drugs or therapies, are not included as deductible expenses. This legislation would be effective January 1, 2016.

FISCAL NOTE

Idaho's percentage of total medical expenditures is \$372,633,219.00. This is calculated by the following chart:

U.S. Consumer Expenditures:

----Medical Services	\$100,095,000,000
----Drugs	\$59,023,000,000
----Total Reimbursable Medical Expenditures	\$159,118,000,000
----Average Co-pays	35%
----Out-of-pocket Services and Drugs	\$55,691,300,000
Idaho's Percentage of U.S. Population	0.51%
Idaho's Percentage of Total Medical Expenditures	\$372,633,219

With Idaho's tax rate of 7.4%, the following would be the expenditures for

Tax year 2016, Idaho taxpayers will save \$9,191,620.00.

Tax year 2017, Idaho taxpayers will save \$18,383,238.00.

Tax year 2018, Idaho taxpayers will save \$27,574,858.00. This amount will continue for future tax years. All savings to the taxpayer will be deducted from the General Fund.

Contact:

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